

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2499
ANSWERED ON:09.08.2005
TEXTILE EXPORTS
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the current row between China on one hand and United States & European Union on the other is likely to help Indian textile exports;
- (b) if so, whether the recent initiatives taken by the Government and manufactures will also help boost exports;
- (c) whether US and EU have imposed and import quota on Chinese products as per the provision of the Textile Specific Measure of the Accession Agreement signed by China; and
- (d) if so, the extent to which this quality fixation has helped India to improve its trade with US and EU?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a)to(d): As per the agreement reached between EU and China on 10th June 2005, EU has limited the growth of Chinese textiles exports to Europe in 10 product categories under caps ranging from 8% to 12.5% per year. The actual growth rates of these categories of products during January - March 2005 over the corresponding period January - March 2004 range from 51% to 534% depending on the category. Thus the growth rate has been severely restricted in order to give a period of adjustment for the EU textile industry to adjust after the elimination of the quota system. This agreement will expire in 2007. India is a major exporter in most of the product categories affected by the Agreement, while we are a leading exporter only in one category, table & kitchen linen.

The restrictions placed by EU on China coupled with recent initiatives taken by the Government to boost exports may help increase India's textile exports.

US has also initiated proceedings under 'China Textile Safeguards' provisions on certain product categories originating from China. However, bilateral discussions between US and China have not been held so far.

It is too early to make any realistic assessment about the increase in India's textile exports due to EU/US safeguards action against China.